Colorado Legislative Council Staff FISCAL IMPACT STATEMENT

Date: August 29, 2006 Fiscal Analyst: Brad Denning — 303-866-4777

BALLOT TITLE: An amendment to the Colorado constitution concerning initiative and referendum petitions, and, in connection therewith, changing petition rights and procedures; allowing petitions to be submitted at all levels of Colorado Government; limiting initiative ballot titles to 75 words; changing single subject requirements and procedures; limiting the annual number of new laws that governments may exclude from possible referendum petitions; establishing standards for review of filed petitions; specifying that petitions may be voted on at any November election; limiting the use of government resources to discuss a petition; requiring voter approval for future petition laws and rules and for changes to certain voter approved petitions; and authorizing measures to enforce the amendment.

Fiscal Impact Summary	FY 2006/2007	FY 2007/2008
State Revenues General Fund — Fines	Not Quantified	Not Quantified
State Expenditures General Fund Cash Funds — Secretary of State Cash Fund	\$75,000 (6,000)	\$125,000 144,000
FTE Position Change	0.0 FTE	0.0 FTE

Effective Date: Upon voter approval; January 1, 2007.

Appropriation Summary for FY 2006/2007: Will be addressed through the budget process.

Local Government Impact: See Local Government Impact section.

Summary of Amendment

Amendment 38 expands the ability of citizens to propose changes to state laws and local ordinances or resolutions by extending the petition process to all levels of Colorado's governments that use a legislative process, including school districts, counties, special districts, authorities, and other special purpose government entities. It also expands the types of amendments that may appear before voters in the odd-year November elections from just tax and spending amendments to any amendment. Amendment 38 also limits the number of referenda that can be passed by elected bodies without a referendum challenge. These changes are likely to increase the number of **state** amendments initiated by citizens that are addressed throughout the petition process, including the number of such amendments that are ultimately submitted to voters. In addition, Amendment 38 establishes petition rights at all levels of **local** government. The increase in statewide citizen initiatives is based in part on the following changes:

- odd-numbered election years are no longer limited to fiscal issues;
- limiting the use of the safety clause and allowing for referendums to begin at any time makes more bills subject to challenge; and
- signatures are only to be counted, not verified, by election officials unless challenged (affects only the number that make the ballot).

State Revenues

Amendment 38 could increase fine revenue to the state General Fund, although the actual increase is unknown and will depend on the number of fines levied. The proposal imposes a \$3,000 fine for each offense by a district or government official or employee that discusses a pending ballot issue once petition forms are ready for signatures.

State Expenditures

Amendment 38 will likely increase state costs for the Judicial Branch and the Department of State — Secretary of State's Office. Costs are estimated to increase by \$119,000 in even-numbered years (for general elections) and by \$269,000 in other years. Actual costs may differ from these estimates depending on the number of statewide ballot petitions filed. For this analysis, it is assumed that there will be 2 additional ballot petitions in even-numbered years and 8 in odd-numbered years.

Judicial Branch. Amendment 38 is expected to increase costs for the Judicial Branch by \$125,000 per year. This estimate assumes an increase in the number of ballot title cases reviewed by the state supreme court and an increase in the workload of trial courts for setting ballot titles. Under the amendment, the state supreme court must review and decide upon all ballot disputes and single-subject challenges within newly established deadlines. In the last year for which complete data is available, the court reviewed 27 ballot title cases, or 15 percent of the 165 initiatives for which ballot titles were set. Under Amendment 38, it is estimated that the court will see roughly 40 ballot title cases per year. Amendment 38 also allows any state district court to set initiative ballot titles. Assuming that the district courts are called upon to set titles for no more than 140 initiated measures per year and that each title can be set with the hearing lasting no more than one hour, this function will not result in increased costs.

Department of State. Amendment 38 is expected to increase the number of citizen-initiated petitions submitted for approval to the Secretary of State, and thereby increase costs. However, the amendment also changes the basis for approving petitions by requiring only that signatures are counted and not verified to ensure that petition signers are registered voters. This will result in a per petition cost decrease. Currently, the department budgets \$200,000 to verify signatures on an estimated 8 petitions in even-numbered years. For odd-numbered election years, the department budgets \$50,000 for 2 petitions. Under Amendment 38, the cost of reviewing each petition will decrease, but the number of petitions on the ballot is expected to increase. As a result, department costs are expected to decrease by \$6,000 in even-numbered years and increase by \$144,000 in odd-numbered years.

Local Government Impact

Local governments without a petition process will be required to establish such a process, incurring administrative and computer programming costs. Local governments may experience an increase in the amount of petitions received. Costs will depend upon the number of petitions filed.